

# STATE FIRE AND TORNADO INSURANCE FUND

## FIRE AND EXTENDED COVERAGE SECTION COVERAGE FORM

Insurance applies only to items specifically described in this certificate for which an amount of insurance is shown and, unless otherwise provided, all provisions and stipulations of this form and certificate shall apply separately to each such item.

Throughout this certificate, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section J-DEFINITIONS.

### A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. COVERED PROPERTY

Property Insured as used in this certificate, means the following types of property for which a Limit of Insurance is shown in the Declarations:

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

**b. Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) Fine Arts which are specifically scheduled;
- (5) All other personal property owned by you and used in your business;
- (6) Labor, materials or services furnished or arranged by you on personal property of others;
- (7) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (8) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

**c. Personal Property of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the

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open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

- d. **"Livestock"** - which are specifically scheduled in the Declarations and for which a premium charge is shown, while on the described premises only, or if away from the described premises, only while in the care, custody or control of another state run facility.
- e. **Autos & Mobile Equipment** - which are individually described and specifically covered in the Declarations and for which a premium charge is shown, while on or away from the "insured location."
- f. **Watercraft** - which are individually described and specifically covered in the Declarations and for which a premium charge is shown, including motors, equipment, and accessories.

## 2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Computer equipment including electronic or magnetic tape records;
- b. Telephone systems and equipment, other than stock;
- c. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities, jewelry, precious stones, precious metals or their alloys, furs or garments trimmed with fur. Lottery tickets held for sale are not securities;
- d. Animals, other than specifically scheduled "livestock";
- e. Automobiles held for sale;
- f. Bridges, unless specifically scheduled; Roadways, walks, patios or other paved surfaces;
- g. Contraband, or property in the course of illegal transportation or trade;
- h. The cost of excavations, grading, back-filling or filling;
- i. Land (including land on which the property is located), water, growing crops or lawns;
- j. Personal property while airborne or waterborne;

- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles (unless specifically scheduled);
- p. Aircraft;
- q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead in wiring, masts or towers, signs (other than signs attached to buildings), except as specifically scheduled.
- (3) Trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

## 3. COVERED CAUSES OF LOSS-SPECIAL FORM

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded or limited herein.

## 4. ADDITIONAL COVERAGES

### a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the certificate period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
  - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
  - (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

- (3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

**b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the certificate period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described

premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this certificate.

**5. COVERAGE EXTENSIONS**

**a. Newly Acquired or Constructed Property**

- (1) You may extend the insurance that applies to Buildings to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(I) Similar use as the building described in the Declarations; or

(II) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

- (2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions. The most we will pay for loss or damage under this Extension is \$500,000 at each location.

- (3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

(a) This certificate expires.

(b) 30 days expire after you acquire or begin to construct the building; or

(c) 90 days expire after you acquire new contents; or

(d) You report values to us. We will charge you additional premium for values reported from the date construction begins or you acquire the property.

**b. Additional Acquired Vehicles and Equipment**

- (1) If coverage for mobile equipment, farm equipment and vehicles such as tractors, spreaders, hay balers, backhoes, passenger cars, trucks, vans, is declared and described in

the declarations, we will extend coverage to apply to Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles.

- (2) The most we will pay under this Coverage Extension is \$500,000 for loss of or damage to all such Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles.
- (3) When values and schedules for Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles are reported under this Coverage Extension, additional premium for these values will be charged from the date of acquisition.
- (4) This Coverage Extension will end:
  - (a) 30 days after the date of acquisition of the additional item; or
  - (b) When this certificate expires; whichever comes first.
- (5) Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles are covered under this Coverage Extension only to the extent that they are not covered under another Coverage or Coverage Form of this or any other policy of the "insured".

**c. Additional Acquired "Livestock"**

- (1) If coverage for "livestock" is declared and described in the declarations, we will cover additional "livestock" you acquire during the certificate period, for up to 30 days from acquisition.
- (2) The most we will pay under this Coverage Extension is the lesser of:
  - (a) The actual cash value of such property; or
  - (b) 25% of the total of the Limits of Insurance shown in the Declarations for:
    - (I) Specifically declared and described "livestock"; and
    - (II) "Livestock" with separate limits per class.
- (3) You must report such property within 30 days from the date acquired and pay any additional premium due. If you do not report such property, coverage will end 30 days

after the date the property is acquired.

**d. Valuable Papers and Records - Cost of Research**

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2,500 at each described location.

**e. Property Off-Premises**

You may extend the insurance provided by this certificate to apply to your Covered Property that is temporarily at a location you do not own, lease (unless in storage, provided that the lease was signed after the inception of the policy period) or operate for a maximum of 30 days. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salesperson. The most we will pay for loss or damage under this Extension is \$10,000.

**f. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs other than signs attached to buildings) trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosions;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Each of these Extensions is additional insurance.

## **B. EXCLUSIONS**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

### **a. Ordinance or Law**

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

### **b. Earth Movement**

- (1) Any earth movement (other than sinkhole collapse, if sinkhole collapse is a Covered Cause of Loss), such as a landslide, mine subsidence or earth sinking, rising or shifting, unless caused by "earthquake" as defined herein. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action. Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
  - (a) Airborne volcanic blast or airborne shock waves;
  - (b) Ash, dust or particulate matter; or

### **(c) Lava flow.**

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

### **c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

### **d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

### **e. Utility Services**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

### **f. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

### **g. Water**

- (1) Surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not, unless caused by flood as defined herein;
- (2) Mudslide or mudflow;
- (3) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floor or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors windows or other openings.

But if Water, as described in **g. (1)** through **g. (3)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

- a.** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1)** Wear and tear;
- (2)** Rust, corrosion, "fungus", decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3)** Smog;
- (4)** Settling, cracking, shrinking or expansion;
- (5)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- (7)** The following causes of loss to personal property:

- (a)** Dampness or dryness of atmosphere;
- (b)** Changes in or extremes of temperature; or
- (c)** Marring or scratching.

But if an excluded cause of loss that is listed in **2.d. (1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f.** Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1)** You do your best to maintain heat in the building or structure; or
  - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
  - (1)** Acting alone or in collusion with others; or
  - (2)** Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by em-

- employees (including leased employees) is not covered.
- l.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
  - j.** Rain, snow, ice, sleet or dust to personal property in the open.
  - k.** Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
  - l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
    - a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph **1.** above to produce the loss or damage.
    - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
    - c.** Faulty, inadequate or defective:
      - (1)** Planning, zoning, development, surveying;
      - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
      - (3)** Materials used in repair, construction, renovation or remodeling; or
      - (4)** Maintenance;
 of part or all of any property on or off the described premises.
  - 4.** We will not pay for loss of or damage to "livestock" when caused by or resulting from any of the following:
    - a.** Running into streams, ponds or ditches, or against fences or other objects;
    - b.** Smothering;
    - c.** Resulting directly or indirectly from fright;
    - d.** Freezing or smothering in blizzards or snowstorms;
    - e.** Caused by dogs or wild animals owned by you, your employees or other persons residing on the insured location;
    - f.** Accidental shooting of covered "livestock" caused by you, any other "insured", your employees, or other persons residing on the insured location;
    - g.** Disease;
    - h.** Mortality.

## C. LIMITATIONS

The following limitations apply to all certificate forms and endorsements, unless otherwise stated.

- 1.** We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a.** Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1)** The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
  - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft. However, this limitation does not apply to building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form.
  - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
  - f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
  - g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - h. Scheduled autos or mobile equipment caused by or resulting from upset, over turn, or collision with another object.
2. We will not pay more than \$500 in any one occurrence for loss or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.
- However, this limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
  - b. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass that is part of a building or structure;
    - (2) Containers of property held for sale;

- (3) Photographic or scientific instrument lenses; or
- (4) Specifically scheduled fine arts.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
  - b. Is directly caused by freezing.

## **D. ADDITIONAL COVERAGE- COLLAPSE**

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in **D.1.** through **D.5.** below.

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:
- a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
  - b. Hidden decay;
  - c. Hidden insect or vermin damage;
  - d. Weight of people or personal property;
  - e. Weight of rain that collects on a roof;
  - f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **D.1.a.** through **D.1.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.
2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:
- a. The personal property which collapses is inside a building; and
  - b. The collapse was caused by a cause of loss listed in **D.1.a.** through **D.1.f.** above.
3. With respect to the following property:



- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in **D.1.b.** through **D.1.f.**, we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
  - b. The property is Covered Property under this Coverage Form.
4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
  5. This Additional Coverage-Collapse will not increase the Limits of Insurance provided in this Coverage Part.

## **E. ADDITIONAL COVERAGE EXTENSIONS**

### **1. PROPERTY IN TRANSIT**

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- c. The most we will pay for loss or damage under this Extension is \$1000.

This coverage extension does not apply to autos and mobile equipment.

### **2. WATER DAMAGE, OTHER LIQUIDS, POWDER OR MOLTEN MATERIAL DAMAGE**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

## **F. LIMITS OF INSURANCE**

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
  - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

We will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

## **G. DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

## **H. LOSS CONDITIONS**

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### 1. ABANDONMENT

There can be no abandonment of any property to us.

### 2. APPRAISAL

If you and we disagree on the value of the property or the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### 3. DUTIES IN THE EVENT OF LOSS OR DAMAGE

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Must report loss within 10 days from knowledge.

- g. Report and Proof of Loss Form #DOA-11 shall be signed and returned by you within 14 days.

- h. Cooperate with us in the investigation or settlement of the claim.

### 4. LOSS PAYMENT

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. We will not pay more than the owner's financial interest in the Covered Property.

### 5. RECOVERED PROPERTY

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

### 6. VACANCY

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- a. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - (1) Vandalism;
  - (2) Sprinkler leakage, unless you have protected the system against freezing;
  - (3) Building glass breakage;
  - (4) Water damage;

- (5) Theft; or
- (6) Attempted theft.
- b. With respect to Covered Causes of Loss other than those listed in a.(1) through a.(6) above, we may reduce the amount we would otherwise pay for the loss or damage by 15%.

## 7. VALUATION

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e., f. and g. below.
- b. Buildings at actual cash value or replacement cash value as specified on the "declarations page" of this Certificate.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records when there is a duplicate.

- g. With respect to **SCHEDULED FINE ARTS**, the most we will pay in the event of loss to covered property is the lesser of the following up to the limit of liability shown in the schedule:

- (1) The cost of restoring the property to its condition immediately before the loss; or
- (2) The cost of replacing the property with like kind and quality.

## 8. TRANSFER OF RIGHTS TO RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us immediately upon and to the extent of our payment. You must do everything necessary to secure our rights and must do nothing after "loss" to impair them. If payment is made under this policy and you recover damages from another, you agree to hold in trust for us the proceeds of the recovery and shall reimburse us to the extent of our payment.

## 9. LIVESTOCK

With respect to "livestock", the term loss means death or destruction caused by, resulting from or made necessary by a covered cause of loss.

## I. ADDITIONAL CONDITIONS

### 1. COINSURANCE

We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the 90% Coinsurance requirement is greater than the Limit of Insurance for the property. Instead we will determine the most we will pay using the following steps:

- a. Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- b. Divide the Limit of Insurance of the property by the figure determined in step (a);
- c. Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (b), and;
- d. Subtract the deductible from the figure determined in step (c). We will pay the amount determined in step (d) or the limit of insurance, whichever is less. For

the remainder, you will have to absorb the loss yourself.

**Example No. 1 (Underinsurance)**

When:

Value of the property is	\$250,000
Coinurance percentage is	90%
Limit of Insurance is	\$100,000
Deductible is	\$250
The amount of loss is	\$40,000

Step (a):  $\$250,000 \times 90\% = \$225,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (b):  $\$100,000 \div \$225,000 = .44$

Step (c):  $\$40,000 \times .44 = \$17,600$

Step (d):  $\$17,600 - \$250 = \$17,350$

We will pay no more than \$17,350. The remaining \$20,250 is not covered.

**Example No. 2 (Adequate Insurance)**

When:

Value of the property is	\$250,000
Coinurance percentage is	90%
Limit of Insurance is	\$225,000
Deductible is	\$250
The amount of loss is	\$40,000

Step (a):  $\$250,000 \times 90\% = \$225,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (b):  $\$225,000 \div \$225,000 = 1.00$

Step (c):  $\$40,000 \times 1.00 = \$40,000$

Step (d):  $\$40,000 - \$250 = \$39,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

**2. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this certificate without additional premium within 45 days prior to or during the certificate period, the broadened coverage will immediately apply to this certificate.

**3. TERRITORY**

This certificate covers within the United States of America and Canada.

**J. DEFINITIONS**

1. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or

finished goods, including supplies used in their packing or shipping.

3. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; wind-storm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

4. **"Earthquake,"** as used herein, means:

- a. Earthmovement;
- b. Earthquake;
- c. Landslide;
- d. Earth sinking, rising or shifting; and
- e. Collapse, cracking or shifting of building, structures, or their parts, caused by, resulting from, contributed to or aggravated by "Earthquake," all occurring during any period of seventy-two (72) consecutive hours during the term of this Fire and Tornado Certificate.

5. **"Flood"** means:

- a. A general and temporary condition of partial or complete inundation of normally dry land areas from:
  - (1) The overflow of inland or tidal waters.
  - (2) The unusual and rapid accumulation or runoff of surface waters from any source.

- (3) Mudslides (i.e. mudflows) which are proximately caused by flooding as defined in subparagraph a. (2) above and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.
- b. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in subparagraph a. (1) above.
6. **"Declarations Page"** is a computer-generated, single or multi-paged summary of information furnished with insurance certificate. The **declaration page** also describes the term of the certificate, limits of coverage, deductible, locations covered, and displays the premium and rates. The **declarations page** is a part of this insurance certificate.
7. **"Livestock"** means cattle, sheep, swine, goats, horses, mules and donkeys.
8. **"Auto"** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads.
9. **"Mobile Equipment"** means land vehicle designed for use principally off public roads. Such as farm machinery, backhoes, bulldozers, etc.
10. **"Fungus"** means any type or form of fungus, including mold or mildew, and any myco toxins, spores, scents, or by-products produced or released by fungi.